

Part 201 Brownfields Work Group Meeting Summary

*December 12, 2006
Michigan Economic Development Corporation
Lansing, Michigan*

Work Group Members Present

Brownfields: Peter Anastor, Richard Barr, Scott Beckerman, Alison Benjamin, John Byl, Anne Couture, Susan Erickson, Kevin Johnson, Jim Linton, Jim Tischler, and Darlene VanDale

State Agency Staff Present

Mitch Adelman, Michigan Department of Environmental Quality; Martin Gibbs, Michigan Department of Labor and Economic Growth; Mike Kapp, Michigan Department of Transportation; Joe Borgstrom and Gary Heidel, Michigan State Housing Development Authority

Staff Present

Bill Rustem and Amy Spray, Public Sector Consultants

Public Present

Frank Andrews, Miller Canfield; Kurt Brauer, Bodman LLP; Cathy-Brubaker Clarke, City of Muskegon; Rob Ferree, ARCADIS; Julie Gales, Legislative Service Bureau; Scott Huebler, City of Whitehall; Jim Jenkins, City of Springfield; Jim Lancaster, Miller Canfield; Dan Oegema, City of Grand Rapids

Welcome and Introduction

The meeting began at 1:05 PM.

Bill Rustem from Public Sector Consultants welcomed the members of the Part 201 Phase II Discussion Group Brownfields Work Group. Work group members, state agency staff, and others in attendance introduced themselves. Rustem thanked the MEDC for hosting the meeting and reviewed the agenda. The DEQ said they did not have an official presentation on their ideas for an ideal program, but would contribute to the discussion where it was appropriate. Rustem noted that if any members of the public wished to make a statement, there would be time at the end of the meeting to do so.

Draft Proposal for Brownfield Redevelopment Programs

PSC attempted to merge the concepts of the scoping meeting (Anne Couture) and conceptual approval process (Grant Trigger/Jim Tischler) into a single white paper.

In discussing the draft proposal, the following issues were put forward:

- There should be a regional facilitator—similar to the CATeam or MEDC account executives—to help local units of government and developers navigate the brownfield redevelopment process.
- The CATeam process could be improved and should better connect with the MDEQ. The Governor could issue an executive directive to have each agency identify a brownfield redevelopment specialist who will work with CATeams.
- This group should consider developing an appeals/resubmission process for denials. The main reason the state says no are:
 1. They have run out of money
 2. The project is not eligible or right on the edge of eligibility (liability issues, local unit of government does not support it).
- It will be necessary to modify the mission of the CATeam in order for it to be the brownfield facilitator, while increasing the number of teams and reducing their service areas. It is not likely that the CATeams will move back to MEDC from MSHDA.
- MSHDA's focus has shifted from work on housing issues only to becoming more of a community development agency. However, from a marketing perspective it is hard to explain why a prospective developer would go to MSHDA for a commercial or industrial brownfield project. A recommendation would be to rename MSHDA the Michigan Community Development Authority.
- All of the relevant agencies need to consider the public interaction/interface they provide. A one-stop website for state brownfield programs could be a good resource for consultants, local units of government, and developers.
- Brownfield redevelopment also needs to have a proactive outreach arm, identifying potential projects and areas for redevelopment. The state cannot be reactive only.

Brownfield Uni-Application

- MSHDA has an application that is about 12 pages long and is initiated by the developer. Local units of government often have their own as well and the information is mostly duplicative.
- Even if the application is initiated by the developer, sign off by the local unit of government is critical for moving forward.
- The CATeam can lead the development of a uni-app and work with other relevant agencies to make sure it collects the correct information needed to move the process forward.
- The uni-app should be relatively short; the scoping meeting can define what the next, more lengthy steps will be.

Development Agreement

- City must say that any agreement is contingent on city council approval.

- There are examples of DEQ grant agreements and other commitment letters in MEDC that could be the basis for this.
- The agency representatives at the scoping meeting need to have authority to predict/communicate the project's chances of going forward.
- The CATeam could send a coordinated invitation letter two to four weeks following the scoping meeting.

Funding

Jim Tischler drafted a proposal that would allow, for a non-environmental work plan, the approval of one mill of SET and one mill LSO to go to support for the brownfield program and grants/loans.

- This concept would prolong the time that taxes are captured from the local unit of government.
- There are financing costs and carrying costs/interest that developers incur while going through this process; however, even though the statute allows it, the MEGA board does not allow these to be included in the total amount of a project. Interest should be allowed to be paid by school tax capture.

Geography-based funding

Jim Tischler drafted a proposal that would distribute brownfield/redevelopment incentives on a geographical basis.

- The defined “core communities” are somewhat arbitrary.
- Core communities’ tools could be available to non-core communities, but in some cases this might dilute the effectiveness of these tools. Some tools might even undermine the municipal finance structure if we expand them too much.
- The state lacks sound urban policies that support a concentration of development and density (vibrant cities).

Eligible activities and criteria

- The statute defines eligible activities as those required, sufficient to remediate, and reasonably priced.
- Some work group members feel that DEQ is wielding more authority than it has in determining eligible activities. DEQ won't pay to clean up a property to generic residential status, which may be unauthorized action from DEQ, but there is no way to appeal this. DEQ says that for single family residences clean up to that level may be possible, but for other property there is no reliable way to restrict access.
- There should be some way to encourage clean ups in urban areas first.
- Will the prioritization for using a brownfield facilitator be the amount of money going into a project or scope/complexity of activities (number of agencies involved, number of permits needed)? Right now agencies are required to provide the same level of service/effort for all projects, so it would need to be changed legislatively.

Next Steps

Follow up on issues and ideas from this meeting:

- PSC will meet with MSHDA representatives to learn more about the CATeam process.
- PSC will discuss with Treasury how to access reports on actual tax capture to see what level of funding the one-mill concept will generate. MEDC/DEQ will provide PSC the information to develop the set of questions for them.
- PSC will update draft proposal to capture ideas from this meeting.
- PSC will also draft specific policy recommendations that will be considered for inclusion in the final report.
- Topics for the next meeting include further discussion of project prioritization, eligible activities, and the development agreement.

Next Meeting

The fourth meeting is scheduled for January 17, 2007, from 9:30 AM to 12:30 PM at Public Sector Consultants in Lansing, Michigan.